

Why Value Based Health Care is Important for Physicians



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Disclosures/Conflicts of Interest

Research Support:

- Agency for Healthcare Research & Quality

Consultant:

- **Yale Center for Outcomes Research & Evaluation (CORE)**
 - **Center for Medicare and Medicaid Services (CMS)**
- **Carrum Health**
- **The Alliance**

Governance/Leadership Roles:

- **American Joint Replacement Registry (Chair, Board of Directors)**
- **American Association of Hip & Knee Surgeons (Committee Member)**

In Our Nation: A Tale of Health Care

“It is the best of times...”

Unprecedented advances in medical technology, treatments,
and pharmaceuticals can improve population health

Cartilage transplantation



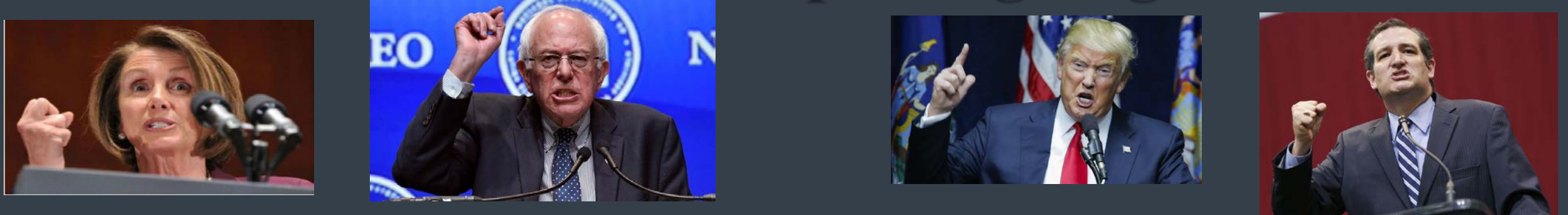
Artificial pancreas



Modular prosthetic limbs



What Are These People Arguing About?



The Problem is not Access!

Coverage for pre-existing conditions			Guarantee of essential health benefits		
✓ OBAMACARE YES	? AHCA MAYBE	* SENATE BILL IT'S COMPLICATED	✓ OBAMACARE YES	? AHCA STATES CAN REDEFINE	? SENATE BILL STATES CAN REDEFINE
Individual insurance mandate			Stay on parents' insurance until 26		
✓ OBAMACARE YES	✗ AHCA NO	✗ SENATE BILL NO	✓ OBAMACARE YES	✓ AHCA YES	✓ SENATE BILL YES

Why Are These Men So Concerned?



Premiums have soared

The Problem is not Cost!

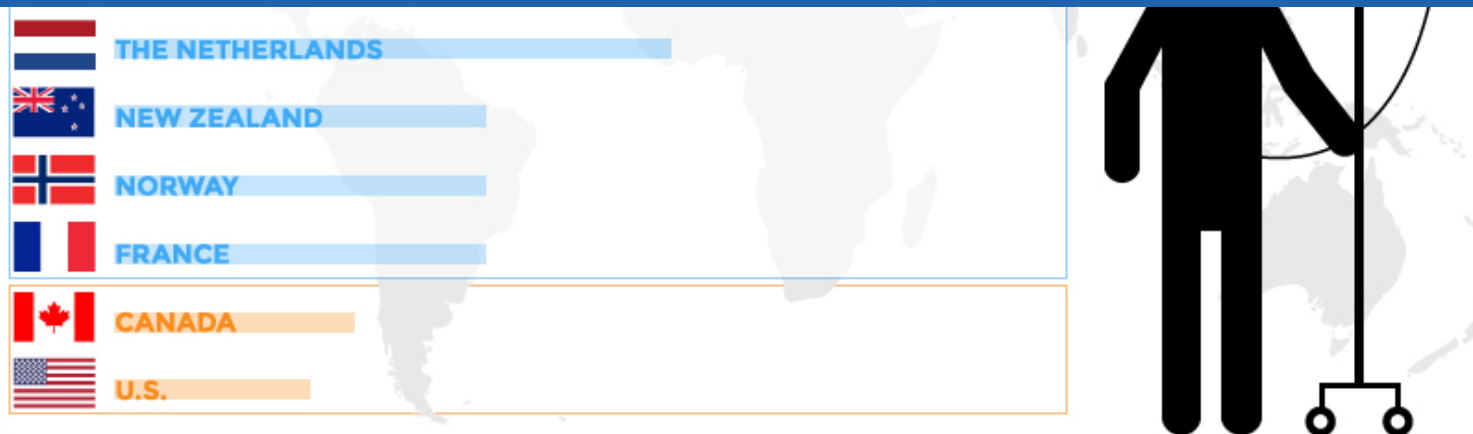


SOURCE: KAISER/HRET EMPLOYER-SPONSORED HEALTH BENEFITS SURVEY, 2016

Healthcare in the U.S. vs. Other Wealthy Countries

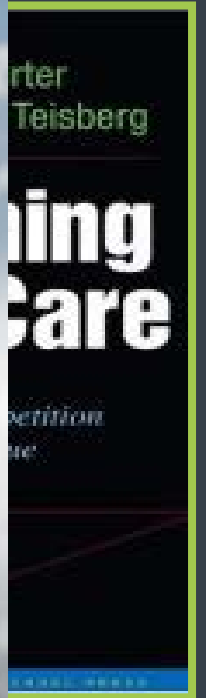


The Problem is not Quality!



Source: K. Davis, K. Stremikis, D. Squires, and C. Schoen, *Mirror, Mirror on the Wall: How the Performance of the U.S. Health Care System Compares Internationally*, 2014 Update, The Commonwealth Fund, June 2014.

The Problem: We've Lost Sight of the Goal

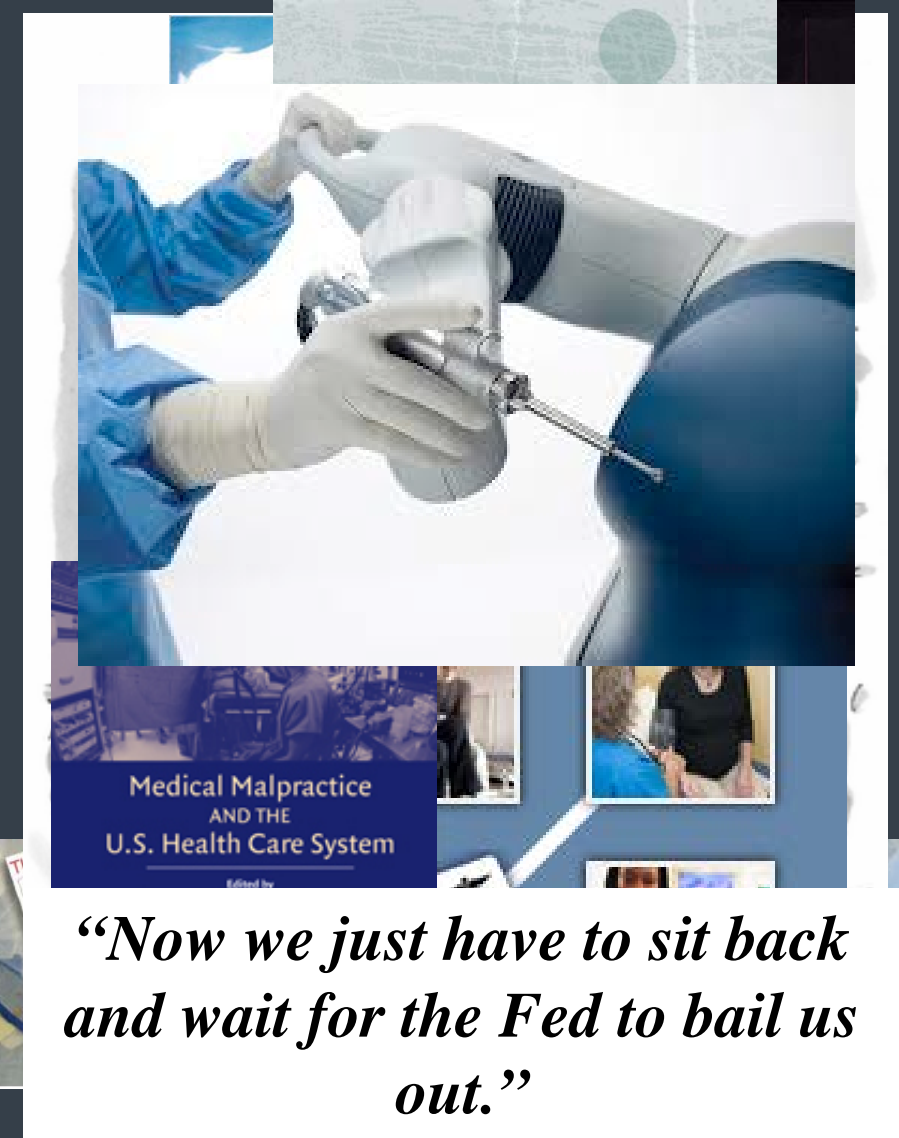


$$\text{Value} = \frac{\text{patient centered health } \textit{outcomes}}{\text{health dollar expended}}$$

Slide courtesy of Thomas Feeley, MD

How Did We Lose Our Way?

- Emphasis on *healthcare*, not *health*
- Fragmented delivery, payment systems
- Medical error/defensive medicine
- ‘Medical arms race’
- Moral hazard



Why is VBHC Better for Patients AND Providers?

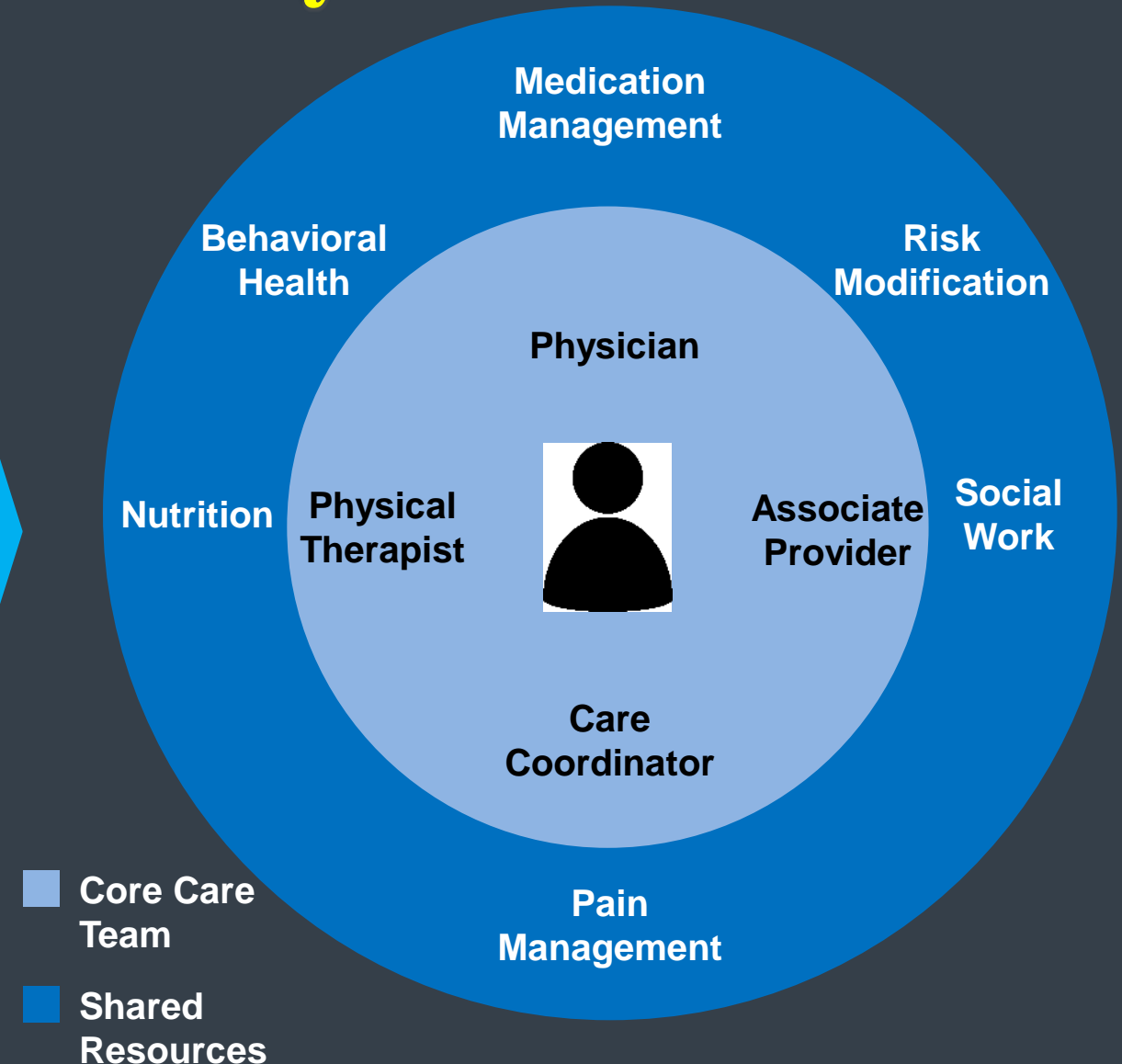
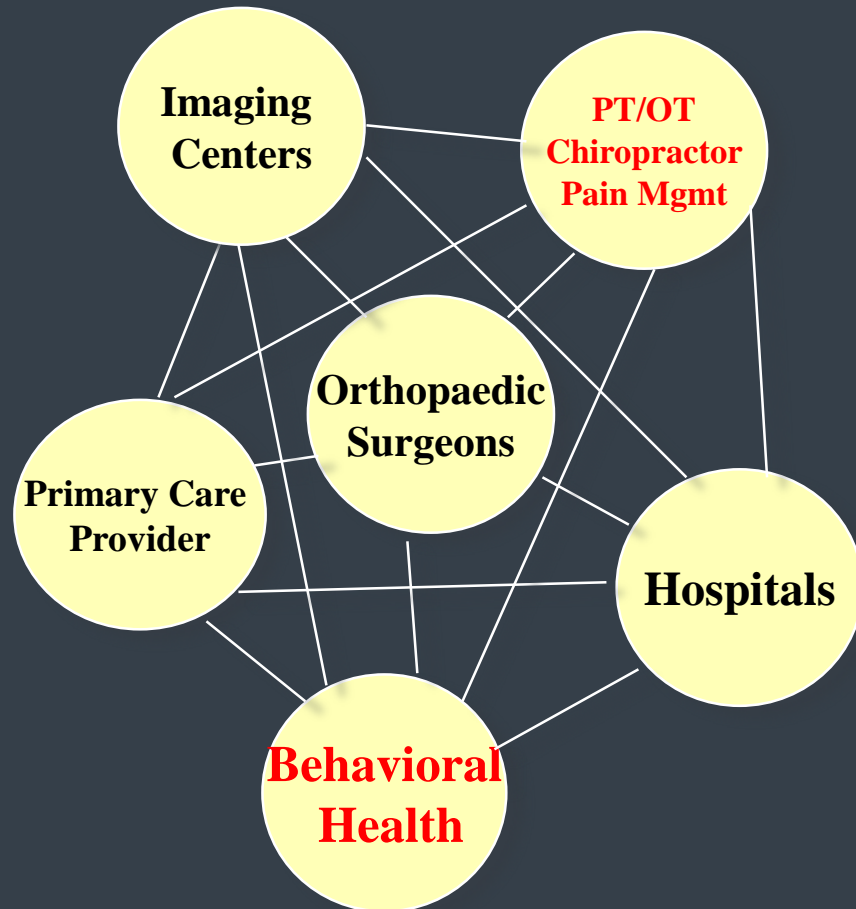


- Incentive to *redesign* care delivery model
- Payment model rewards *innovation*
- Access to *measurement* tools
- Puts physicians back in *leadership* roles

Redesigning the Delivery Model

Existing Model for Managing Musculoskeletal Disease

Organize by Specialty and Discrete Service



Value-Based Approach to Redesigning Clinical Care

1

Define Population



Identify health conditions from the patient's perspective



Understand and estimate the size of the group

2

Develop Care Pathways



Group patients with similar characteristics and needs



Design pathways from the patient's perspective

3

Determine Staffing Model



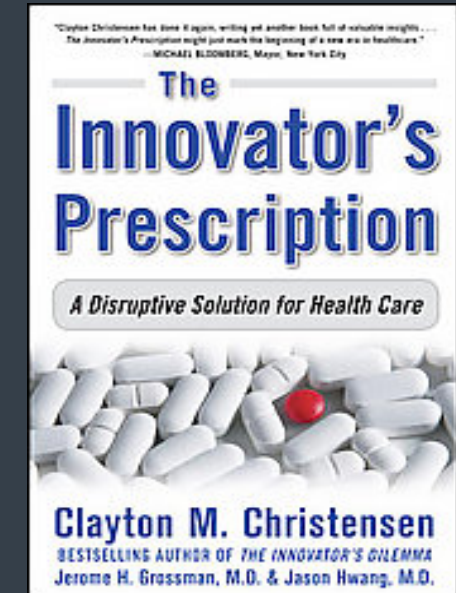
Define the multidisciplinary team



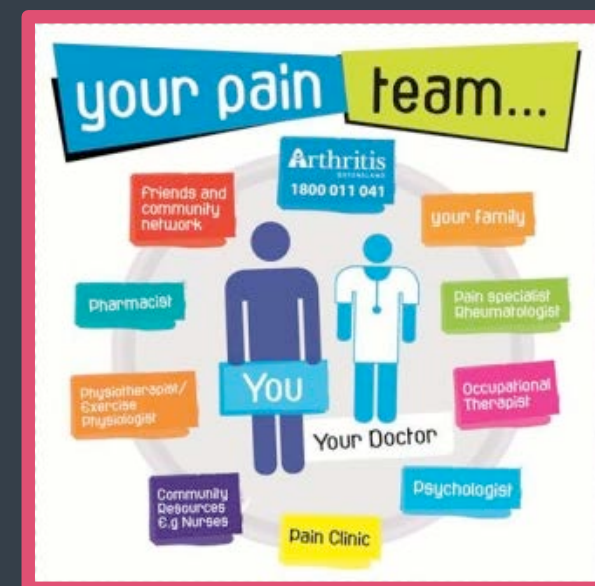
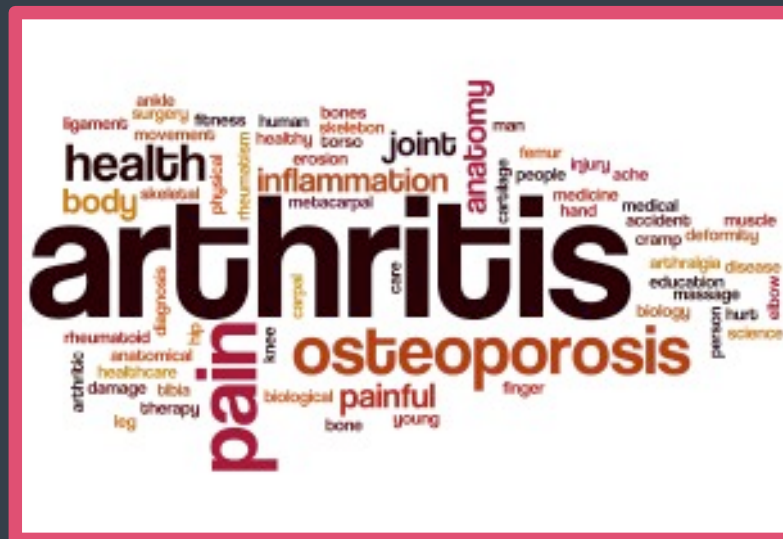
Design for shared resources across populations

IPU design is an iterative process that requires each step be revisited and refined at different times throughout the development process.

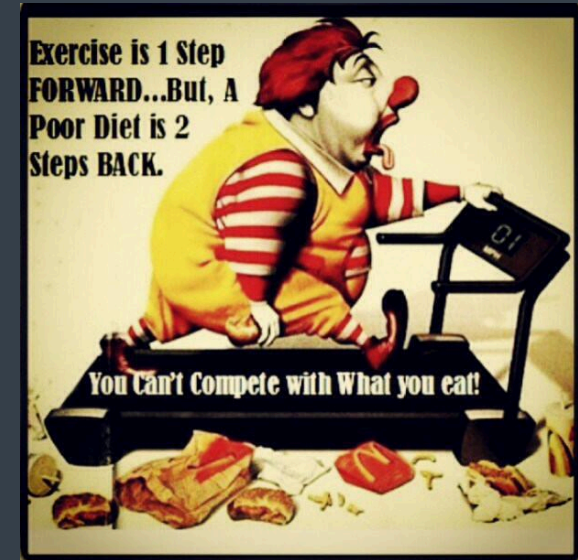
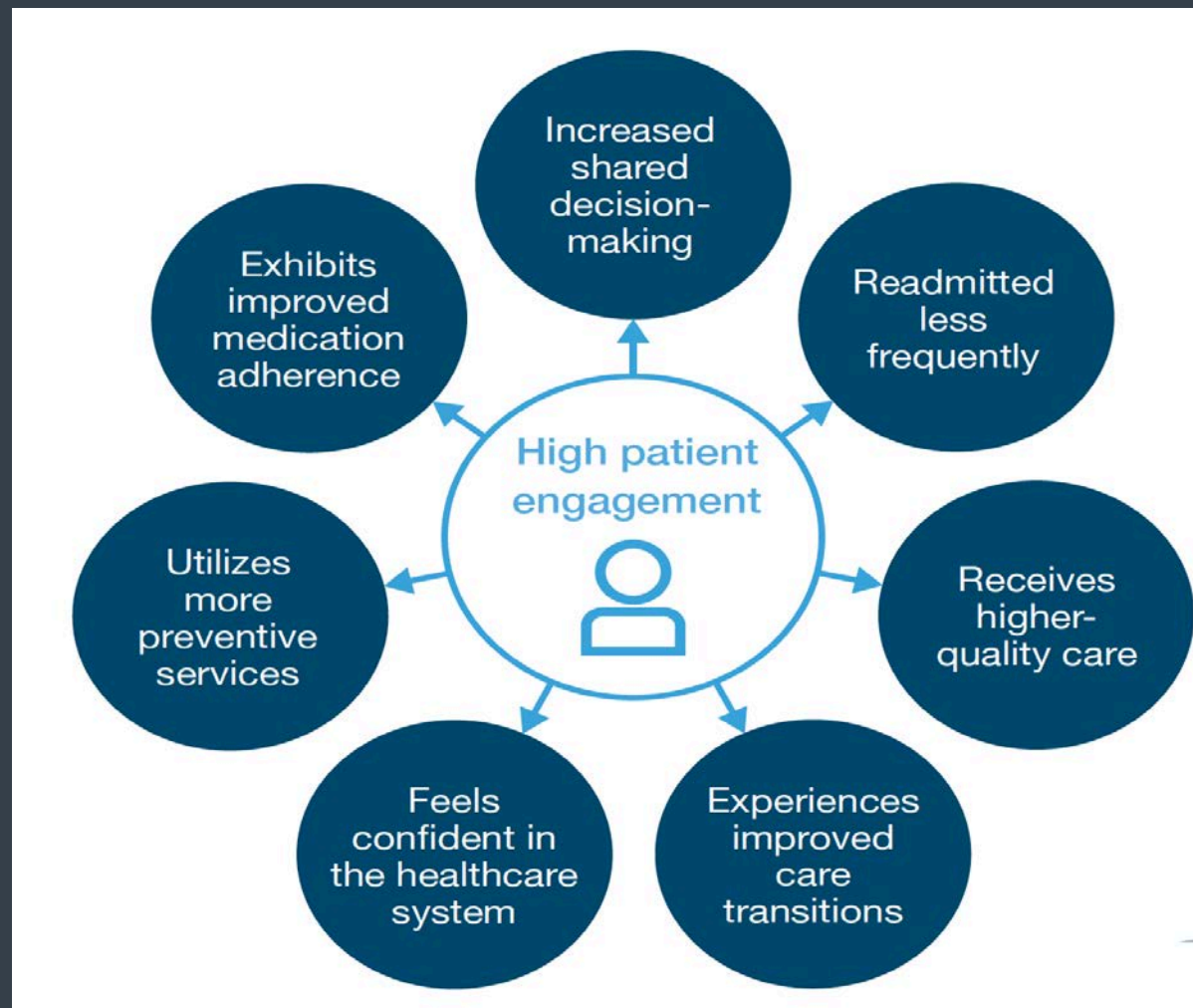
‘Downstreaming’ Care



Proceduralist... ...Leader of Multi-disciplinary Team



Patient Engagement



Patient Activation

Measures an individual's ability to take an active role in their health. Higher Preoperative Patient Activation Associated With Better Patient-reported Outcomes After Total Joint Arthroplasty *Positive health*

John Andrawis MD, MBA, Sina Akhavan BA, Vanessa Chan MPH,
Mandeep Lehil MD, Dana Pong MPH, Kevin J. Bozic MD, MBA

Postoperative Findings	Questionnaire	P-value
Better Pain Relief	HOOS/KOOS Pain Score	0.048
Better Symptom Relief	HOOS/KOOS Symptom Score	0.021
Higher Mental Health Scores	SF 12v2 [®]	<0.001
Higher Patient Satisfaction	Hip & Knee Satisfaction Scale	0.023

Fee For Service vs. Value-Based Payment Models

Fee-for-Service (RVU, DRG) System:

- Improved efficiency or increased time = lower reimbursement
- No consideration of outcome, value

Value-based approaches

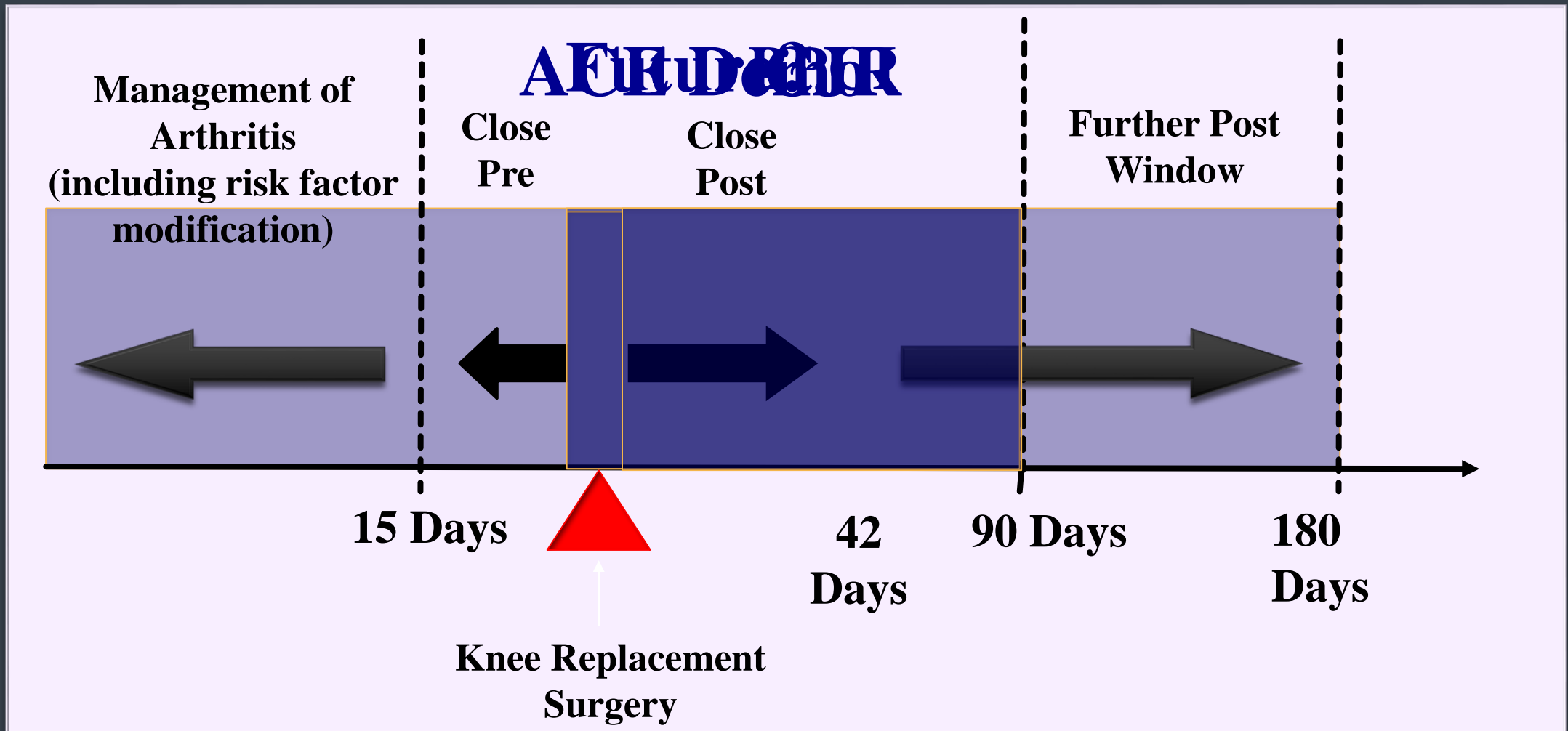
Fee for service



Time

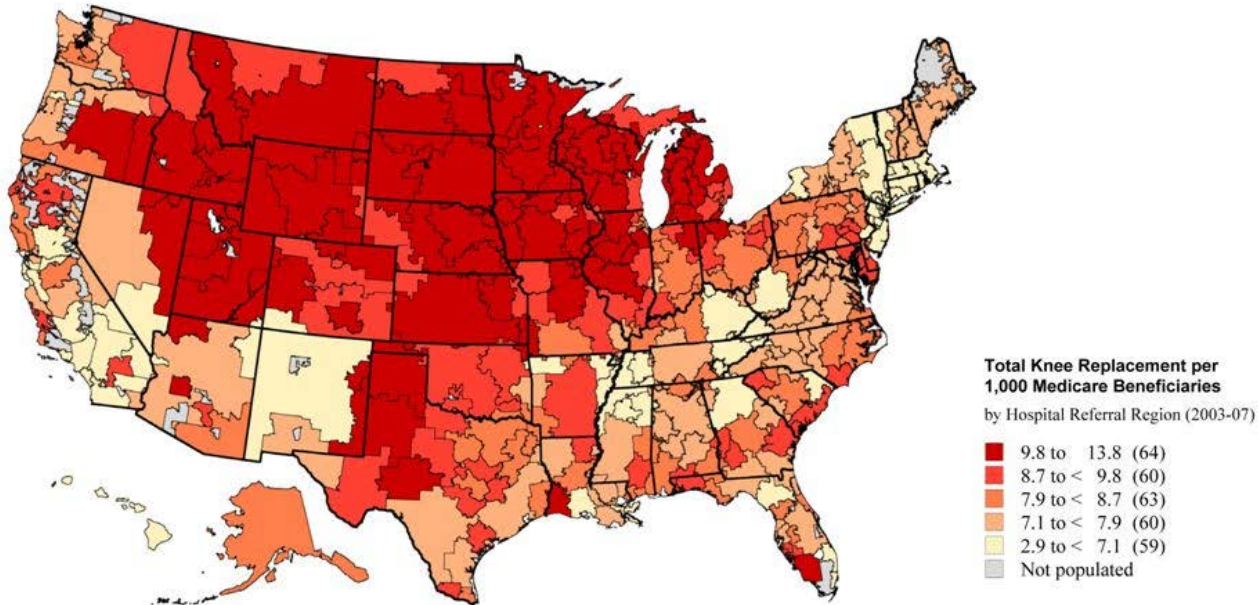
Provider Financial Performance

Evolution of Value-Based Payment Models

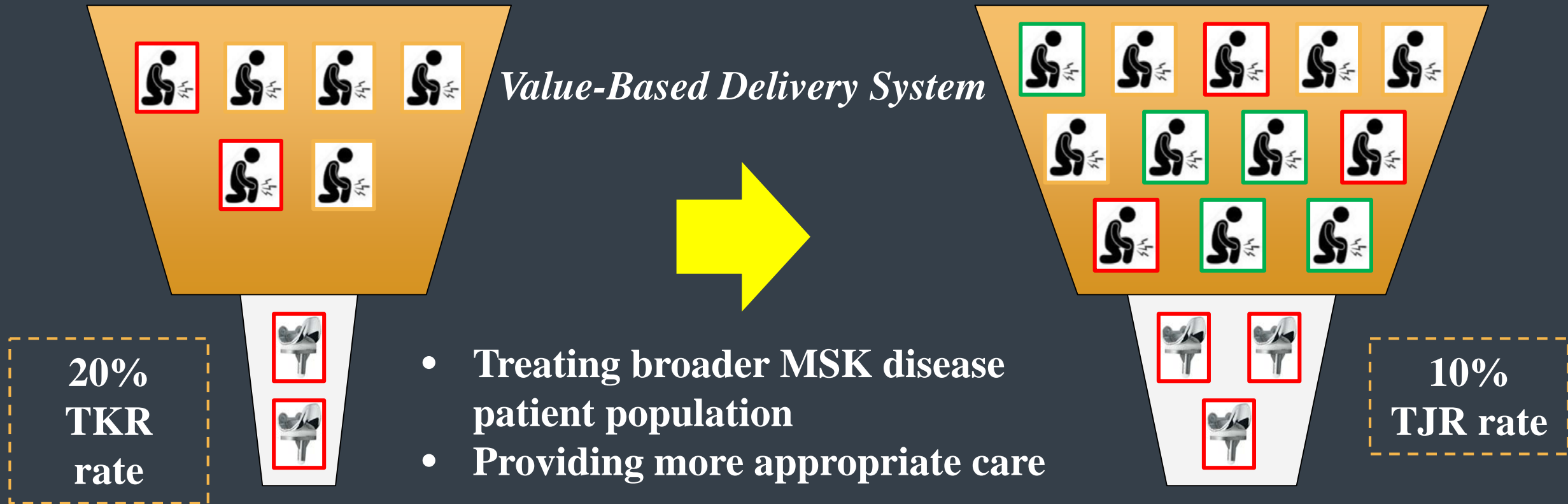


What's Missing from Bundled Payments Today?

Dartmouth Atlas Knee Replacement Rates



Impact on Volume?

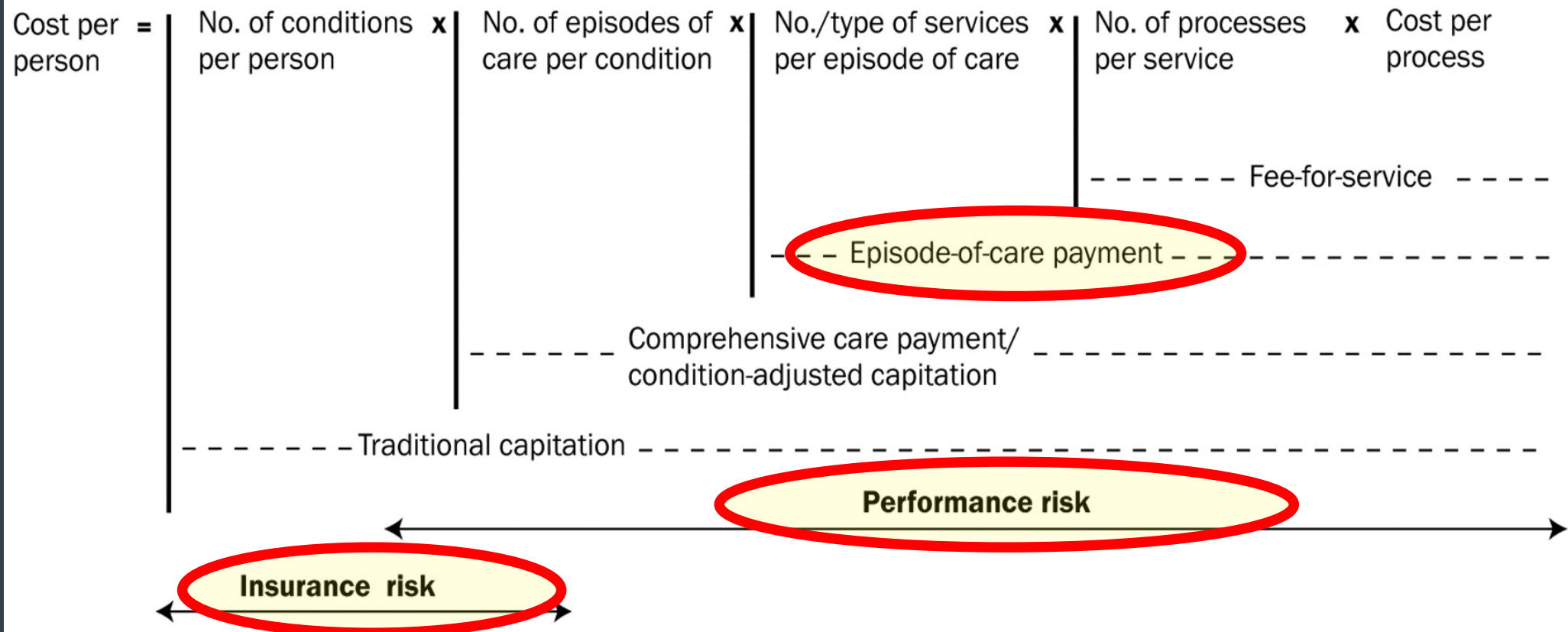


- Cost per episode of disease decreases with lower % of patients treated surgically
- *Patients achieve better outcomes per healthcare dollar spent*
- MSK providers/facilities are fully utilized due to higher aggregate TJR volume

Incentives Based on *Performance* not *Insurance* Risk

EXHIBIT 1

Variables For Which The Provider Is At Risk Under Alternative Payment Systems

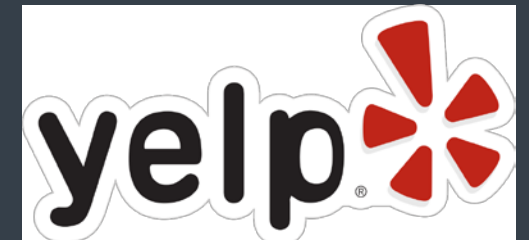


SOURCE: Author's analysis.

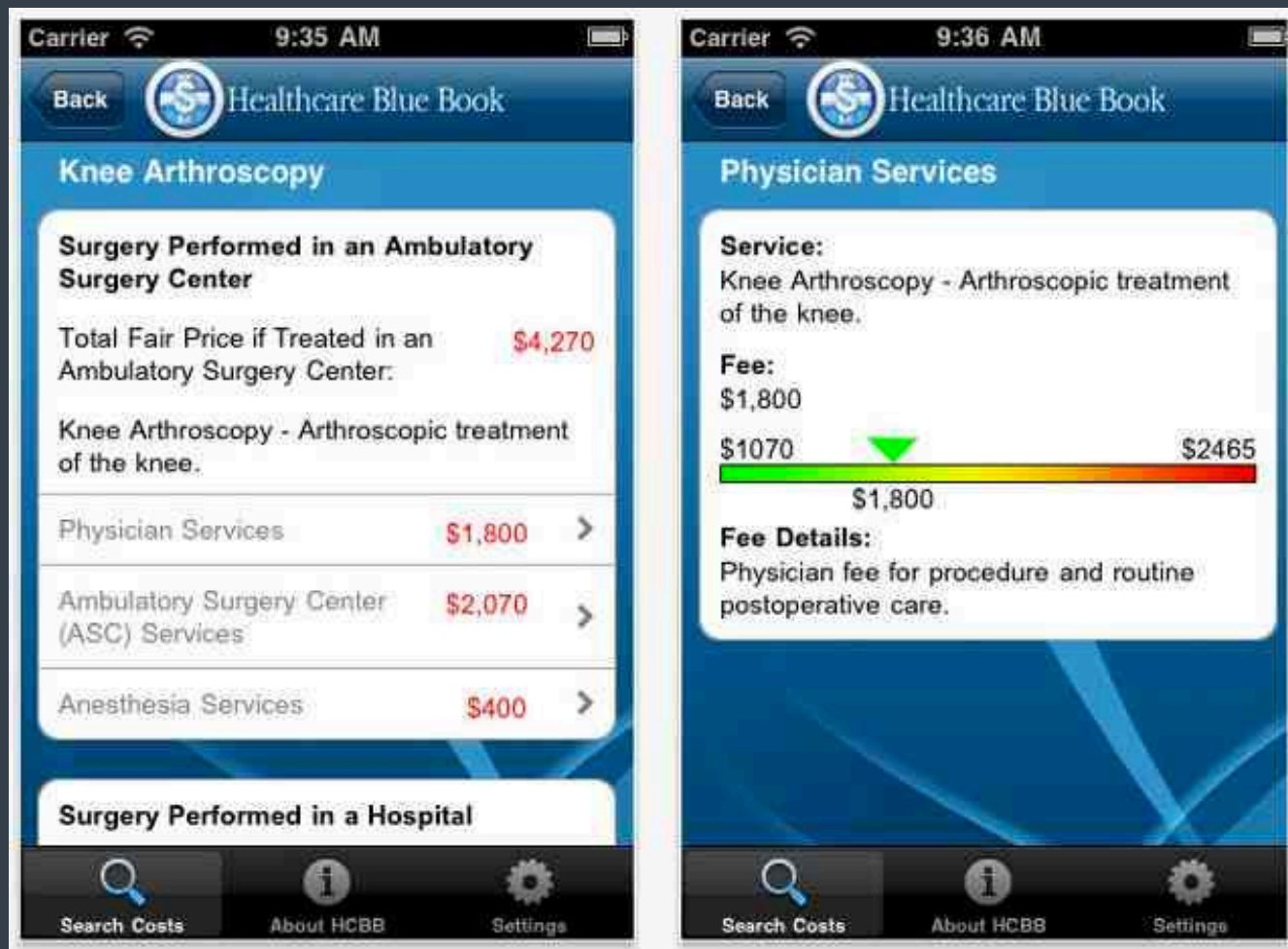
How Do We Measure Our Performance?



Value?



True Cost of Delivering Care



How to Solve The **Cost Crisis** In Health Care

The biggest problem with health care isn't with insurance or politics. It's that we're measuring the wrong things the wrong way.
by Robert S. Kaplan and Michael E. Porter



Is Cost Data Important to Physicians?

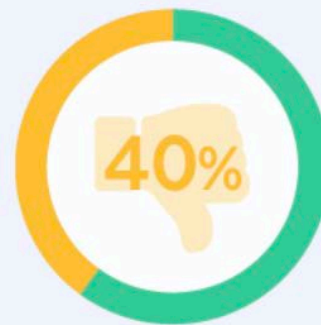


Physicians understand the power of data...



Physicians who believe that more access to cost data would improve care quality.

...But they lack access to it.

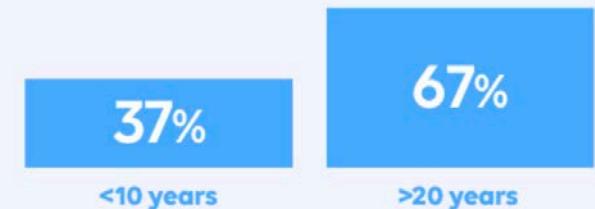


Physicians who say their hospitals are taking active steps to improve data access.

It's simple. Data drives change.

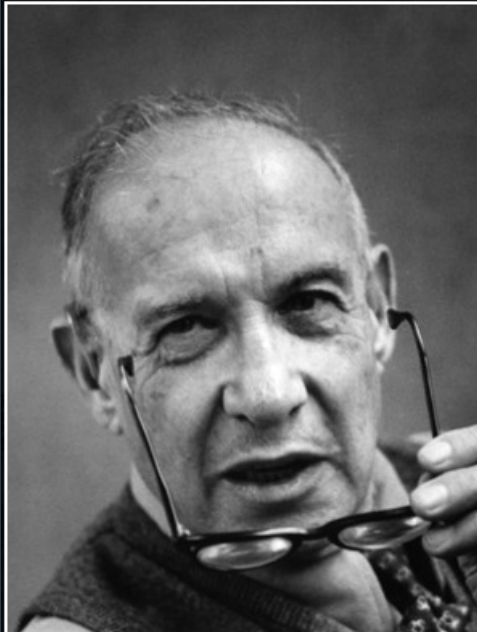
As physicians gain experience, they increasingly recognize the importance of data to clinical decision-making.

Influence of Cost Data on Clinical Decision— Making by Years of Experience





Outcomes That Matter to Patients!



What gets measured gets managed.

— *Peter Drucker* —

What Outcomes Matter to Patients?

PATIENT REPORTED Outcomes (PROs)

Report of a Patient's *Health Status* that comes directly from the patient

Health Related Quality of Life

Role limitations
due to physical
and emotional
problems

Bodily
Pain

Energy-
fatigue

Social
Functioning

Mental
Health

General
Health

Physical
Functioning

*“Wouldn’t
information about a
person’s pain levels
and mobility be a
better measure of
health care quality
than knowing the
average number of
minutes that a doctor
spends with their
patients?”*



Blog

How Do We Use Outcomes?

- **Payors/Purchasers**

- **Accountability**

- Value Based Payment
 - Benefit Design

- **Patients: Clinical Decision Making?**

- **Providers**



Source: Kaiser Family Foundation, 2015



Decision Making

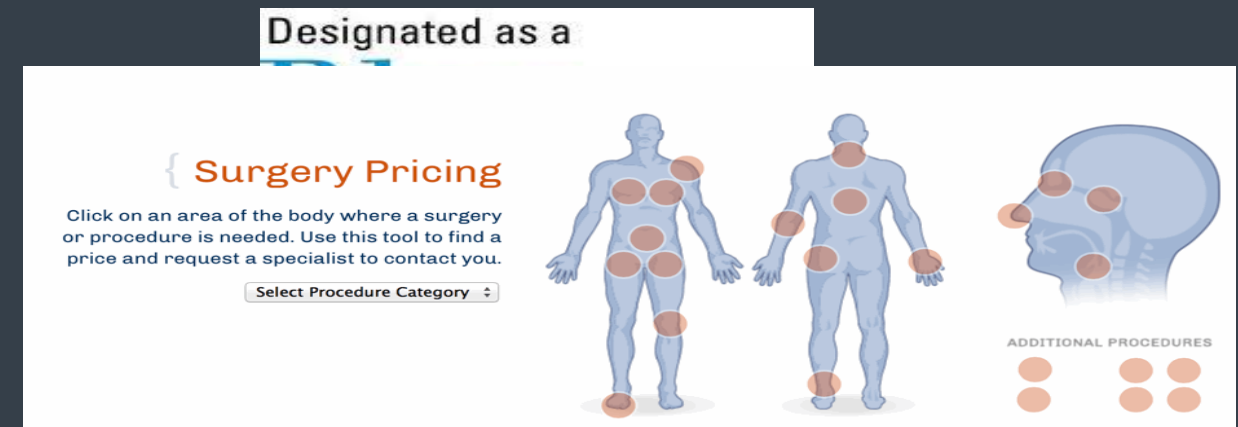
Performance Improvement



Payor/Purchaser Use of Outcomes

Centers of Excellence, Narrow Networks

- Purchaser/payor makes ‘value’ judgments about providers



Reference Pricing

- Patients make ‘value’ judgments about providers

Provider/Patient Use of Outcomes: Shared Decision Making

Provider



*Shared Decision
Making*

Patient



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Shared Decision Making in Patients with Osteoarthritis of the Hip and Knee

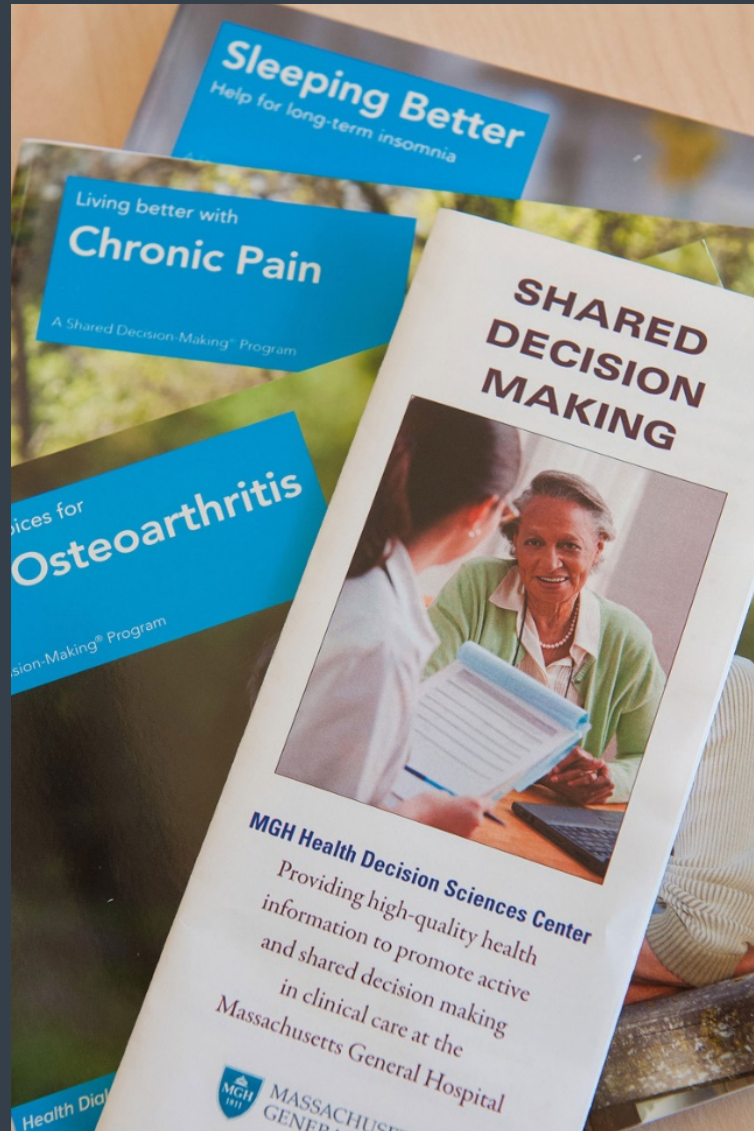
Kevin J. Bozic, MD, MBA, Jeffrey Belkora, PhD, Vanessa Chan, MPH, Jiwon Youm, MD, MS, Tianzan Zhou, BS, John Dupaix, MD, Angela Nava Bye, MA, ATC, Clarence H. Braddock III, MD, MPH, Kate Eresian Chenok, MBA, and James I. Huddleston III, MD

Results of a Randomized Controlled Trial

	Intervention vs control	p-value
Knowledge	Higher	<0.001
Decision stage	Further along in decision	0.03
Patient Satisfaction	Slightly higher (NS)	0.34
Surgeon Satisfaction	Higher	0.05
Consultation time	Slightly longer (NS)	0.20
Treatment decision	Predominantly surgery (NS)	0.18

	Pre/Post Intervention	p-value
Patient confidence ask ?s	Higher	<0.001

Decision Aids



Arthritis: Should I Have Knee Replacement Surgery?

✓ 1
Get the
Facts

✓ 2
Compare
Options

3
Your
Feelings

4
Your
Decision

5
Quiz
Yourself

6
Your Summary

What matters most to you?

Your personal feelings are just as important as the medical facts. Think about what matters most to you in this decision, and show how you feel about the following statements.

Reasons to have knee replacement surgery	Reasons not to have knee replacement surgery
I want to be able to do low-impact activities, such as swimming and golf, as well as chores and housework.	My knee doesn't really get in the way of the physical activities I like or need to do.

◀

◀

◀

◀

▶

▶

▶

More important

Equally important

More important

Personalized Shared Decision Making

NEJM
Catalyst

Patient Engagement

Shared Decision Making: Time to Get Personal

Tanmaya Sambare, Lauren Uhler,
MPH & Kevin Bozic, MD, MBA

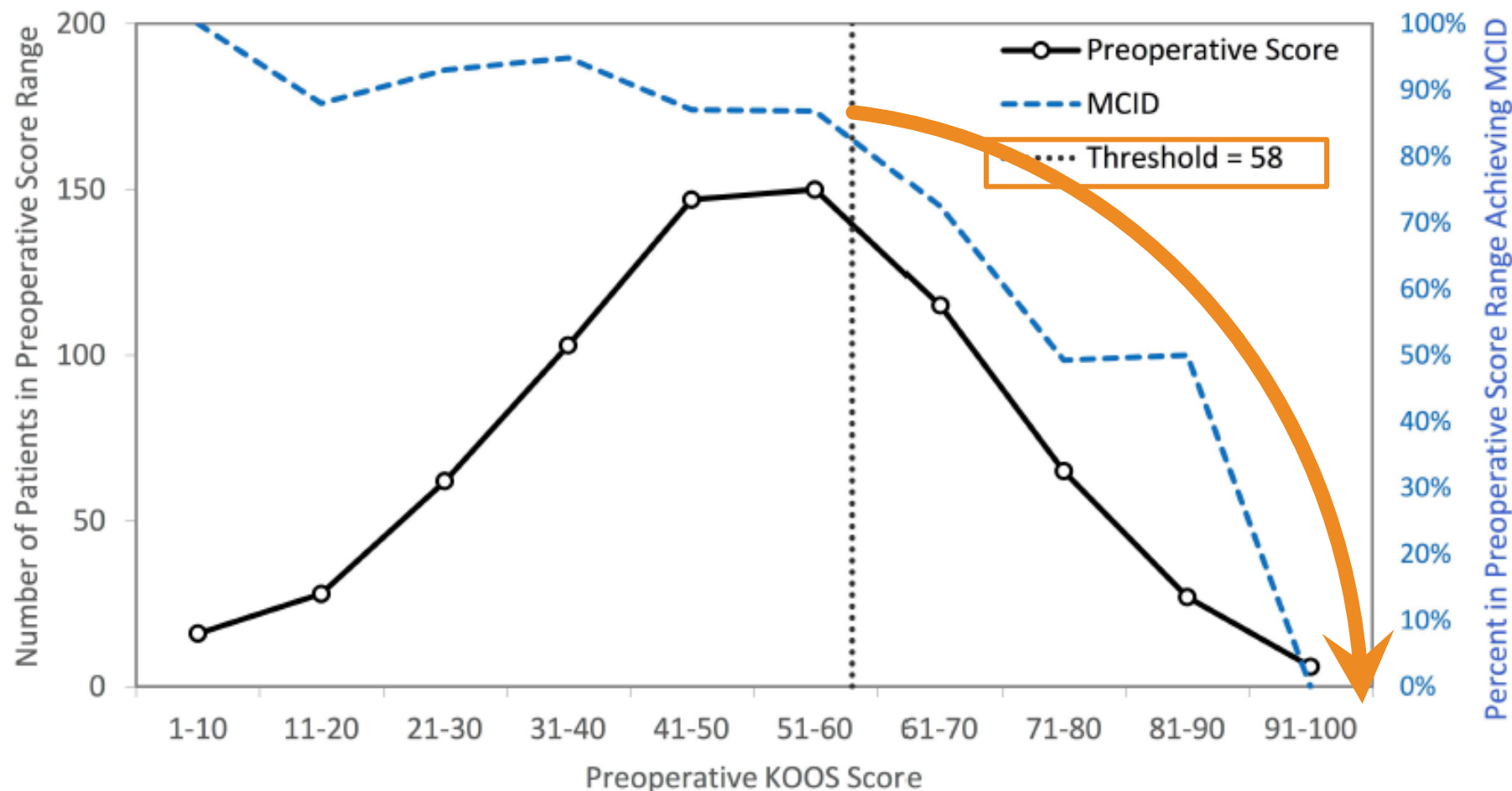
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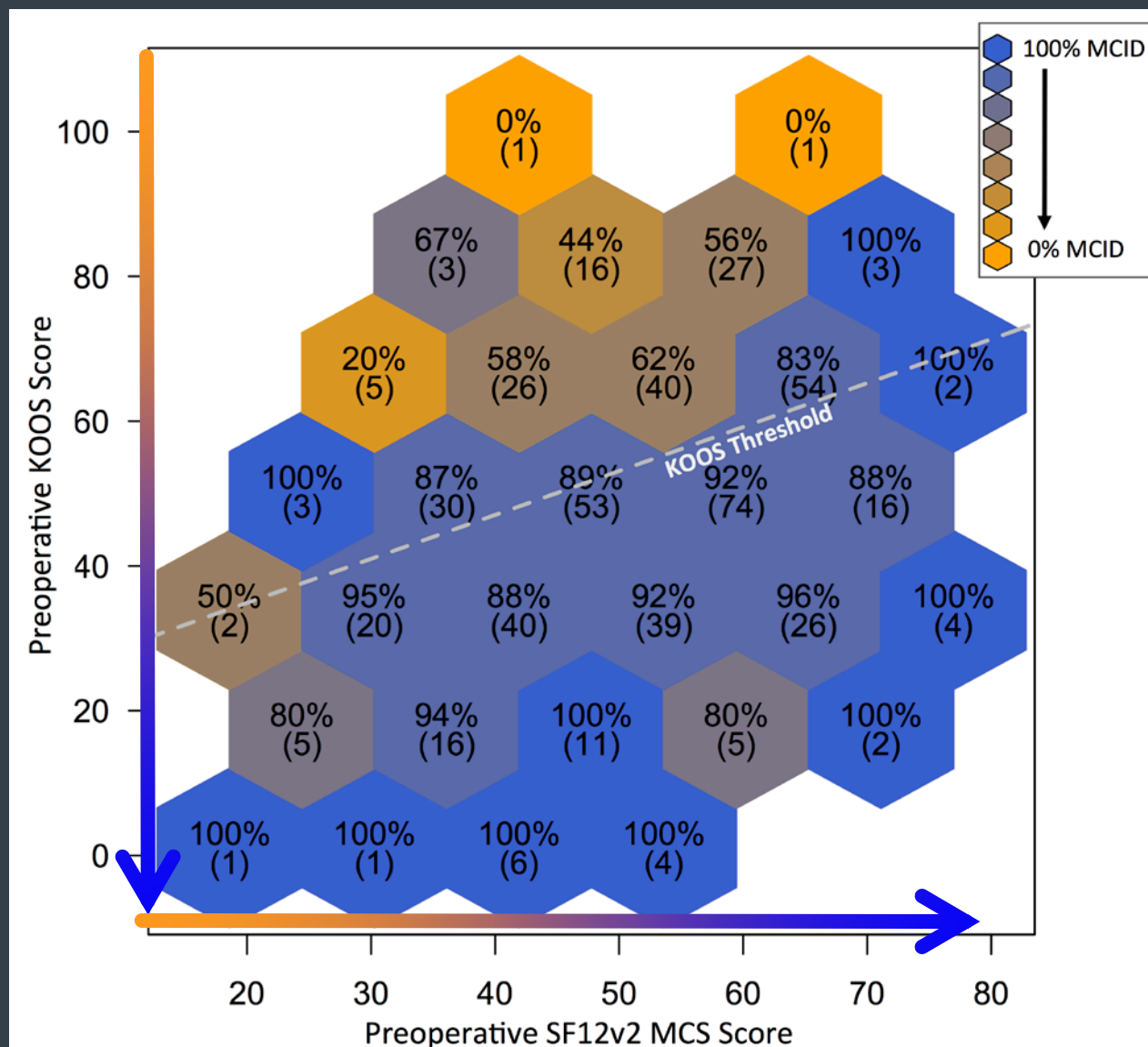
PROs in Clinical Decision Making

Can Preoperative Patient-reported Outcome Measures Be Used to Predict Meaningful Improvement in Function After TKA?

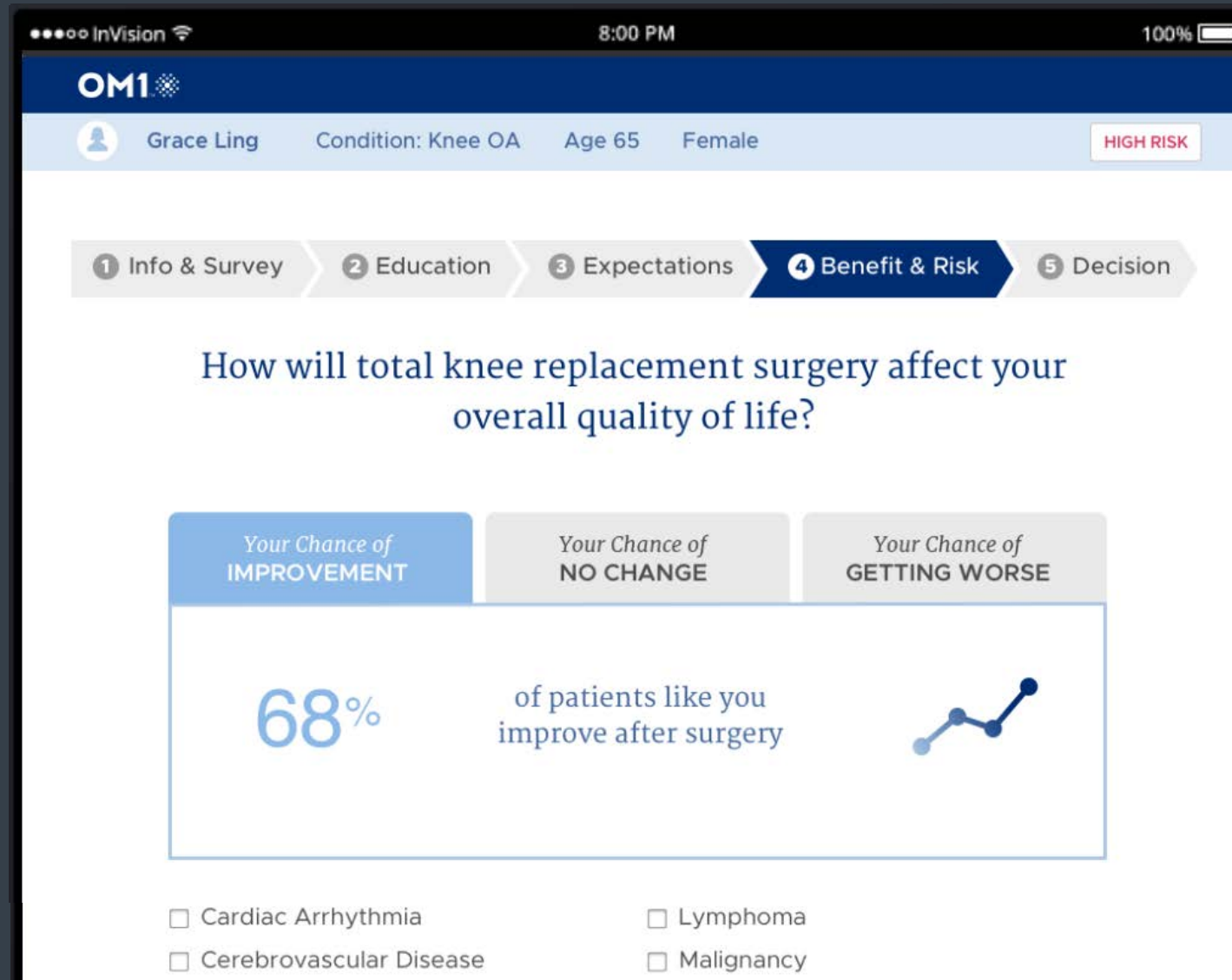
Jonathan L. Berliner MD, Dane J. Brodke BA, Vanessa Chan MPH,
Nelson F. SooHoo MD, Kevin J. Bozic MD, MBA



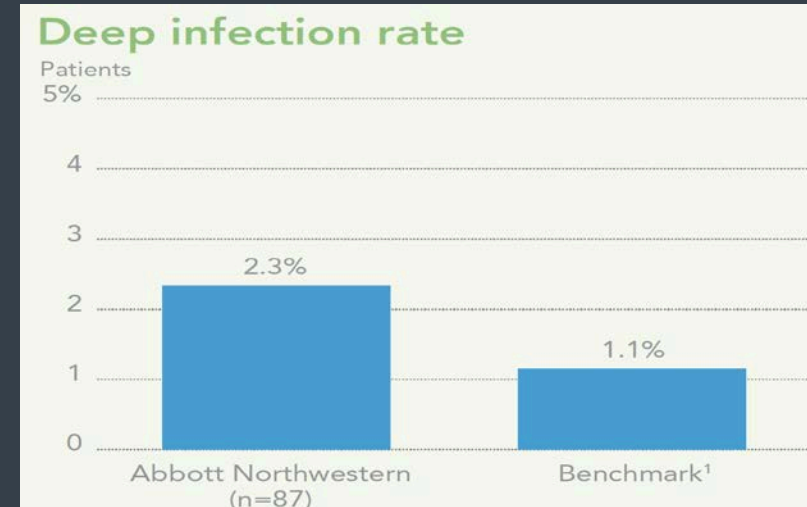
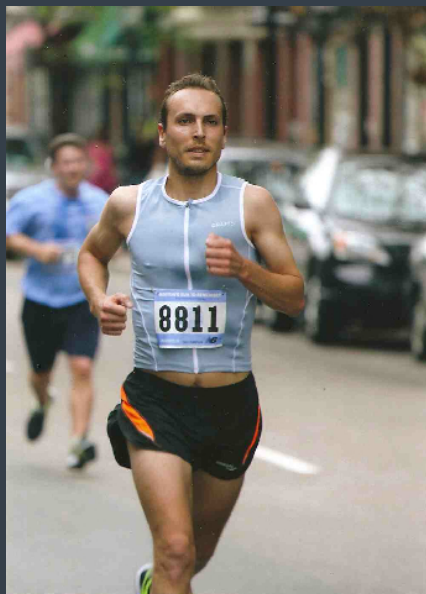
Using PROs to Inform Appropriateness of Surgery



Personalized Shared Decision Making



Most Important Reason to Measure Outcomes?





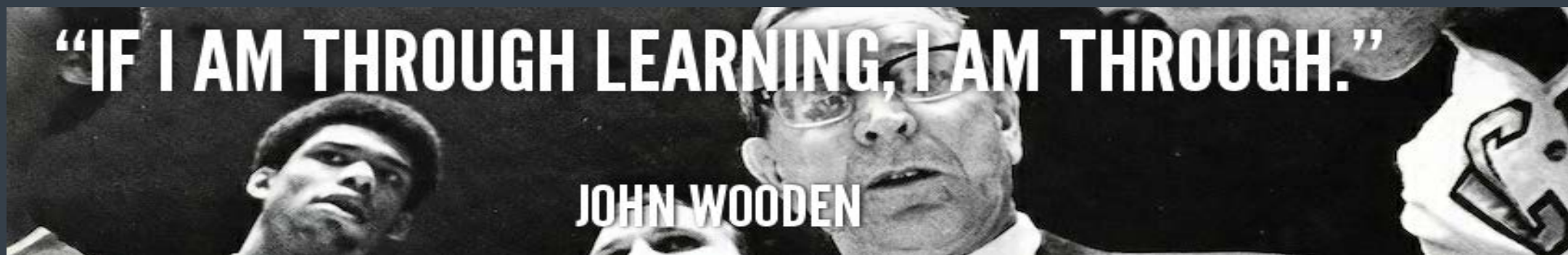
The best competition I
have is against myself to
become better.

- John Wooden



“IF I AM THROUGH LEARNING, I AM THROUGH.”

JOHN WOODEN



Leadership: Changing Medical Education



HEALTH
COMMUNITY
CARE

Rethink **Everything**

EDUCATION

RESEARCH

INNOVATION

VISION

A vital, inclusive health ecosystem*

- * **Vital:** Vigorous, animated, full of life and energy, dynamic
- * **Inclusive:** Open to everyone
- * **Ecosystem:** The complex of a community and its environment functioning as a system

Michael E. Porter
Elizabeth Olmsted Teisberg

**Redefining
Health Care**

MISSION

Revolutionize how people get and stay healthy by:

- **Educating leaders** who transform health care;
- **Evolving new models** of person-centered, multidisciplinary care that reward value;
- **Advancing innovation** from discovery to outcomes;
- **Improving health** in our community as a model for the nation; and
- **Redesigning the academic health environment** to better serve society.

JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
USMLE STEP 1 PREP	OPTIONAL CLINICAL ELECTIVES OR VACATION	INNOVATION, LEADERSHIP AND DISCOVERY				INNOVATION, LEADERSHIP AND DISCOVERY				OPTIONAL CLINICAL ELECTIVES OR VACATION	
PRIMARY CARE, FAMILY AND COMMUNITY MEDICINE					BREAK	PRIMARY CARE, FAMILY AND COMMUNITY MEDICINE					
INTERPROFESSIONAL EDUCATION						INTERPROFESSIONAL EDUCATION					
DEVELOPING OUTSTANDING CLINICAL SKILLS (DOCS)						DEVELOPING OUTSTANDING CLINICAL SKILLS (DOCS)					
LEADERSHIP						LEADERSHIP					

GME: Distinction Track in Care Transformation



Bringing Fresh Perspectives to Health Care Redesign



ACGME Core Competencies

Practice-Based Learning and Improvement

Patient Care and Procedural Skills

Systems-Based Practice

Medical Knowledge

Interpersonal and Communication Skills

Professionalism

Discovering Value-Based Health Care

Interactive Learning Modules from Dell Med



MODULE 1 | Section 7

Care Redesign Case: Value-Driven Outcomes at University of Utah

THE UNIVERSITY OF UTAH'S VDO PROGRAM

In seeking to improve care value, a central challenge most healthcare delivery organizations face is their limited capacity to measure and analyze healthcare value, particularly around costs.

In 2012, University of Utah Health Care, under the leadership of Dr. Vivian Lee, initiated a large-scale effort to create a "value-driven outcomes" (VDO) tool that would provide clinicians and managers the ability to analyze actual system costs and patient measures.

As we examine the following case, think about how to measurably improving value at the scale of an entire health care system and how to use data to help identify potential sources for improvement.

Value is Agnostic to Practice Setting

- Private practice
 - Solo/small group
 - Single specialty
- Hospital-based
- Multi-specialty group
- Integrated delivery network
- “Academic” practice

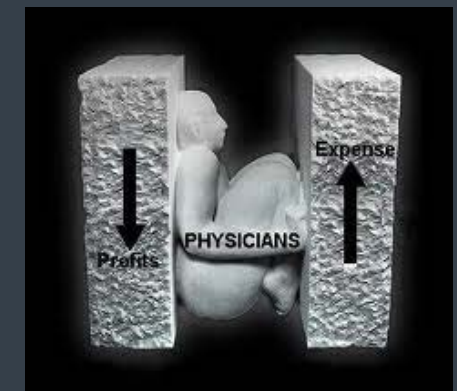




The Choice is Ours...

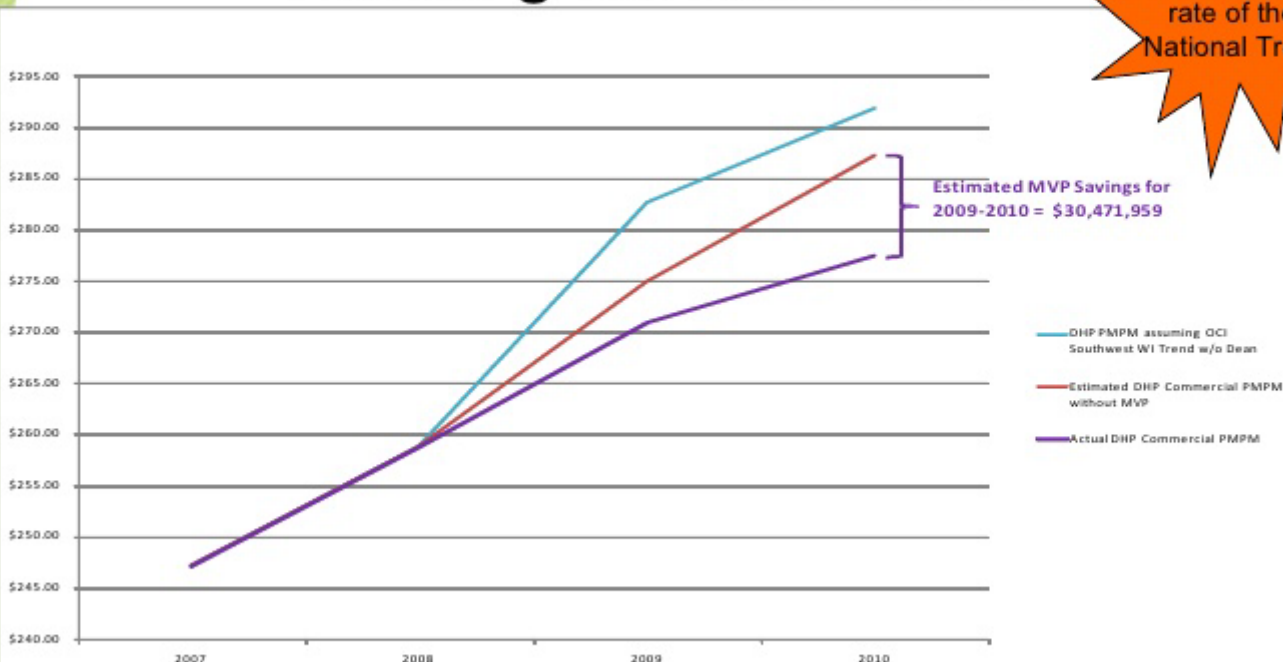


- Either we find ways to achieve better health outcomes per dollar spent, or...
- Cost containment will be imposed on us by limiting access and cutting provider reimbursement





Delivering Value by “Bending the Cost Curve”



DHP PMPM is Commercial only from financial statements
OCI claims trend is derived from OCI reported medical expense and member months, excluding Dean, include all products.
OCI 2010 trend based on Q3 filings.
OCI trend applied 2009 and 2010 only.

“The politics of health-care

“He

insult

BY

alm

about doctors.

— Andy Groves, Intel
Washington Post,
March 3, 2015

OBAMA-CARE
BEND OVER & COUGH

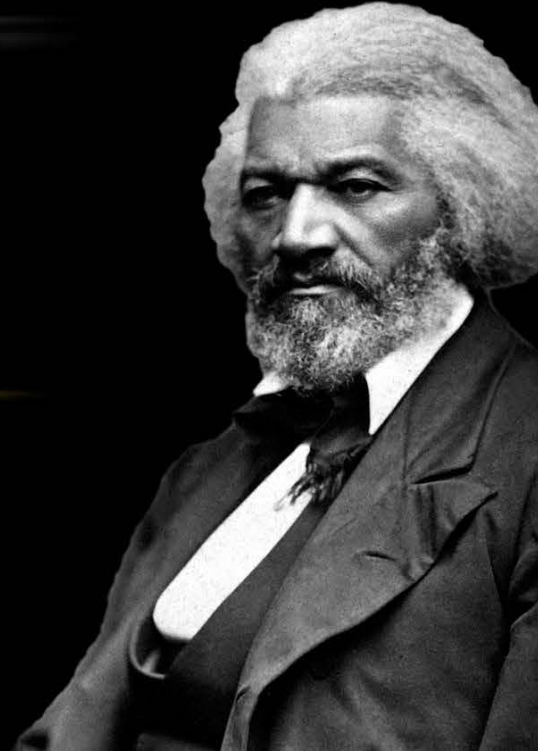
Leadership Opportunity

"Control your own destiny or someone else will" – Jack Welch
"Change has a considerable psychological impact on the human mind."

- *To the fearful it is threatening because it means the*

If there is no struggle, there is
no progress.

Frederick Douglass



- **King Whitney, Jr. WSJ, June 7, 1967**

Are You Ready for the Transition to Value?

- Focus on sustainable, patient-centric value creation
- Credible data!
 - Cost
 - Outcomes
- Commitment to value-based payment, delivery model transformation
- Leadership!!





The University of Texas at Austin
Dell Medical School

THIS IS THE START OF
SOMETHING BIG.



Thank You!!